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) Case No. 4781  
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should be transferred when a successor paying agent is determined, the Receiver agrees -- indeed, that was the relief sought by the Receiver in a motion previously filed with the Court.

The Receiver cannot agree, however, to the unilateral presentation by the Poplar Grove Utility District of Wachovia Bank for approval as the replacement paying agent. Since shortly after the June 18, 2004 Notice of Liquidation, the Receiver has been preparing to discharge the responsibilities under T.C.A. § 45-2-1504(c) of terminating and transitioning all of the Sentinel Trust fiduciary accounts to the fullest extent possible. The Receiver has been prepared to distribute bid packet information to the financial institution/trust department industry<sup>1</sup> and is looking forward to reviewing bids and presenting, first to the Commissioner and then to this Court, the recommendations for successor trustees and/or paying agents to the Sentinel Trust bond issues.

For this bid process to work for the benefit of the most, the Receiver needs to be able to present for bid the trustee/paying agent position for all of the Sentinel Trust bond issues. If the Receiver is able to present the matter as a group, a positive bid, which would result in additional funds being placed into the Sentinel Trust estate, is a realistic possibility. However, if pre-bid packet "cherry picking" is allowed, the ability of the Receiver to secure replacement trustees/paying agents for all of the Sentinel Trust bond issues (and, thus, discharge the Receiver's responsibility under T.C.A. § 45-2-1504(c)) is jeopardized.

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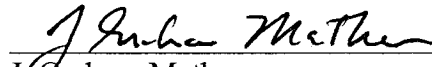
<sup>1</sup> The Receiver will wait until after the August 9, 2004 hearing to distribute substantive information concerning the bid packet because of the possible amendments that could occur to the Court's July 16, 2004 orders (E.O.D. 7/19/04). If there are amendments to those orders, the substance of the amendments would need to be set forth in the information that will be sent to interested bidders.

As an aside, the Receiver would welcome Wachovia Bank to be involved in the bidding process, and, indeed, Wachovia Bank is on the list to be sent bid information. Moreover, if the Poplar Grove Utility District issue was part of the bid packet, that bond issuer might be better served through the competitive forces of the bid process as opposed to what appears to have been a unilateral effort to replace the paying agent.

A final, but extremely important, issue must be raised. It is inevitable that as this receivership progresses, replacement trustees/paying agents will be appointed. The Receiver, however, must be vigilant to make sure that, when those appointments occur and the duties of the trustee/paying agent are transferred, there not be a transfer of the right to pursue third-party litigation. A significant and exclusive asset of the Sentinel Trust receivership estate is the right to sue and obtain judgment against those whose actions or omissions caused the insolvency of Sentinel Trust and caused the shortfall in the SunTrust Pooled Account. T.C.A. § 45-2-1052(b)(2) (The Commissioner shall be vested with the full and exclusive power . . . to commence, defend and conduct in [Sentinel's] name any action or proceeding . . .). Recoveries from these actions would be to the benefit of all estate claimants (e.g., those who hold claims as to of the shortfall in the SunTrust Pooled Account). To allow transfer of the right to sue those responsible for the insolvency of Sentinel Trust to numerous successor trustees or paying agents would usurp powers exclusively given to the Commissioner, would foster piecemeal pursuit of third-party claims and would encourage races to courthouses. Such a situation would also hinder the orderly progression of the Sentinel Trust Company receivership. In short, the right to pursue claims relating to the insolvency of Sentinel Trust and/or fiduciary account shortfalls must remain exclusively with the Receiver.

Accordingly, the Receiver objects to Poplar Grove Utility District's requested intervention, but, if intervention is allowed, requests that the intervention be limited to this motion only. The Receiver supports an order of the Court stating that the separate investment accounts being held for the Poplar Grove Utility District be transferred when a successor paying agent is approved. The Receiver, however, opposes Poplar Grove Utility District's efforts to have Wachovia Bank approved as that successor paying agent at this time, and opposes at every level the transfer to any successor or paying agent the rights which are exclusively vested with the Commissioner including, but not limited to, the right to pursue a claim against anyone or any entity for causing the Sentinel Trust insolvency or the fiduciary cash shortfall.

Respectfully submitted,



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